

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA

v.

YUCHEN ZHANG,
a/k/a "Jia Wu,"

Defendant.

UNDER SEAL

Case No. 1:20-MJ-212

**AFFIDAVIT IN SUPPORT OF A CRIMINAL
COMPLAINT AND ARREST WARRANT**

I, Gregory R. Settducati, being duly sworn, hereby, depose and state as follows:

INTRODUCTION

1. I am employed as a Special Agent of the Federal Bureau of Investigation (FBI) and have been so employed since February 2012. Currently, I am assigned to the Organized Crime Squad at the Washington Field Office, Northern Virginia Resident Agency, Manassas, Virginia. My duties with the FBI include, but are not limited to, the investigation of alleged violations of federal criminal statutes which involve financial institutions, the investigation of complex financial crimes, including extensive document review, analysis and witness interviews, as well as the preparation, presentation, and service of criminal complaints, arrest and search warrants.

2. The facts set forth in this affidavit are based upon my personal knowledge, knowledge obtained during my participation in this investigation, information obtained from other law enforcement personnel, review of documents related to this investigation, communications with others who have personal knowledge of the events and circumstances described herein, and

information gained through my training and experience. I have not included in this affidavit every fact known to me in regard to this investigation, but rather only those facts which are necessary to establish probable cause.

3. I make this affidavit in support of a criminal complaint charging the defendant, Yuchen Zhang ("ZHANG") with, from on or about March 12, 2019 to on or about July 14, 2020, in the Eastern District of Virginia and elsewhere, knowingly and intentionally conspiring and agreeing with Shouming Sun, He Li and others to commit wire fraud, contrary to Title 18, United States Code, Section 1343, by knowingly devising and intending to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and to transmit and cause to be transmitted interstate wire communications in furtherance of the conspiracy, in violation of Title 18, United States Code, Section 1349.

OBJECT OF THE CONSPIRACY

4. It was the object of the conspiracy for the defendant and his co-conspirators to use wire communications to defraud victims of their money and property by means of materially false or fraudulent pretenses, representations, and promises.

MANNER AND MEANS OF THE CONSPIRACY

5. It was part of the conspiracy that ZHANG's co-conspirators contacted the victims by telephone or met through social media. As described in greater detail below, the conspirators assumed fictitious identifies and provided the victims with false information in order to induce the victims to purchase gift cards, including gift cards to be redeemed at Walmart and Sam's Club stores.

6. It was further part of the conspiracy that ZHANG's co-conspirators directed the victims to send to members of the conspiracy through wire communications the gift cards' redemption codes, which are codes used to redeem the value of the gift card without having the physical card.

7. It was further part of the conspiracy that ZHANG, Sun and Li used the redemption codes obtained by fraud to purchase goods and services for their personal benefit and the benefit of their co-conspirators at Walmart or Sam's Club locations.¹

8. It was further part of the conspiracy that ZHANG, Sun and Li used at least four different Sam's Club membership accounts to fraudulently purchase goods and services, including pre-paid gift cards for other stores. The two accounts used by Sun and Li are identified as account membership number 960229839, opened in the name of Qinbin Chen, and account membership number 960051316, opened in the name of defendant Li. The two accounts are linked to Li because Li's photograph is on both Sam's Club identification cards. In addition, Your Affiant compared a photograph from Li's Virginia DMV records with the photographs of the Li and Chen Sam's Club identifications and determined they are all photographs of the same individual.

9. On or about March 12 and 13, 2019, ZHANG was observed via video surveillance using the same Sam's Club membership used by Li and Sun in the name of Qinbin Chen to conduct gift card redemptions. In addition to the Chen membership, ZHANG used at least two other Sam's Club membership accounts to fraudulently purchase goods and services, including pre-paid gift cards for other stores. The other accounts used by ZHANG were identified as account membership

¹ Your Affiant knows that Walmart gift cards can also be redeemed at Sam's Club stores.

number 10142100116409442, opened in the name of Jia Wu, and an account in the name of Jun Zhang, which lists Yuchen ZHANG as a secondary member along with ZHANG's known address.

SCOPE OF THE CONSPIRACY

10. To date, Your Affiant has identified over 500 victims with a total loss amount of \$826,000 from Sam's Club stores. The amount of loss resulting from the fraudulent redemption of gift cards at Walmart stores is still being calculated. Sun and Li were arrested in March 2020 and each pleaded guilty in the Eastern District of Virginia to one count of conspiracy to commit wire fraud.

11. The first act in furtherance of the conspiracy occurred at least as early as March 12, 2019, and the most recent act in furtherance of the conspiracy occurred at least as recently as July 14, 2020.

ZHANG'S INTERACTIONS WITH LAW ENFORCEMENT

12. On or about January 30, 2020, an employee from the Walmart store in Front Royal, Virginia, contacted the Warren County Sheriff's Office ("WCSO") regarding an Asian male who departed the store without paying for gift cards. Based on the vehicle description provided by the employee, WCSO conducted a traffic stop and identified ZHANG as the driver of the vehicle. ZHANG admitted to law enforcement that he did not pay for the gift cards but refused to exit the vehicle at the direction of the responding officer. ZHANG was subsequently charged with obstruction of justice and petit larceny. WCSO seized over 200 gift cards and receipts for the purchase of gift cards from ZHANG, which was turned over to FBI custody.

13. The seized receipts showed that gift cards totaling approximately \$6,000 were redeemed on January 30, 2020, the same day of ZHANG's arrest, at Walmart stores located in Front

Royal, Virginia and Haymarket, Virginia, located within the Eastern District of Virginia. ZHANG was identified on video surveillance at the store in Front Royal, Virginia, conducting the transactions shown on the seized receipts, but there was no video available for the Haymarket location. Your Affiant was able to identify ZHANG by comparing his known Virginia driver's license photograph with the video images provided by Walmart. Additionally, Walmart identified the original purchasers of the gift cards, three of which are listed below in the victim interview section.

14. On or about March 7, 2020, Fairfax County Police Department ("FCPD") responded to a fraud event at the Best Buy located in the Spectrum Shopping Center in Reston, Virginia. The sales manager told the responding officer he/she suspected ZHANG was using stolen payment card numbers to purchase electronics using electronic gift cards. The sales manager estimated approximately \$60,000 in gift cards were purchased by ZHANG from the Best Buy stores in Manassas, Gainesville, and Reston, Virginia, since December 2019. ZHANG told the officer he purchases electronics at a discounted price using E-gift cards. ZHANG also advised he does this because he does not want to be hacked and purchases the electronics to hopefully resell. ZHANG was not arrested during this incident and provided the officer his phone number which ended in 7971.

15. A review of Li's seized cellular telephone, which was examined pursuant to a search warrant issued in the Eastern District of Virginia, revealed three outbound phone calls from Li to ZHANG's phone number ending in 7971 in December 2019 and January 2020. Additionally, Li and Sun both identified ZHANG by name and photograph as being their co-conspirator in the gift card redemption scheme during separate proffer sessions.

**SPECIFIC EXAMPLES OF FRAUD IN FURTHERANCE
OF THE OBJECT OF THE CONSPIRACY**

16. The specific examples set forth below constitute some of the hundreds of fraudulent acts committed by ZHANG and his co-conspirators.

VICTIM-1 (V-1)

17. In October 2018, Victim-1 ("V-1") met an individual while playing an online multiplayer crossword-puzzle style game. V-1 developed a virtual friendship with the subject, and they began communicating via Google Hangouts. The conspirator repeatedly requested to borrow money from V-1 for various reasons, to include paying off debts. In January 2020, the conspirator directed V-1 to purchase gift cards from two Walmart stores in Nampa, Idaho, in order to assist the subject to pay off a debt. V-1 purchased gift cards from two Walmart stores in Nampa, Idaho, and sent the card numbers to the subject via Google Hangouts. V-1 gave the conspirator access to her checking account for the subject to deposit a check as repayment, but the check never cleared.

18. A review of records from Walmart indicated V-1 purchased four \$250 gift cards ending in 1883, 0958, 4918, and 6234 on January 29, 2020, at a Walmart in Nampa, Idaho. Analysis of the receipts seized from ZHANG by WCSO indicated the gift cards ending in 1883, 0958, and 6234 were redeemed at the Walmart in Haymarket, Virginia, on January 30, 2020, which is located within the Eastern District of Virginia.

VICTIM-2 (V-2)

19. On January 30, 2020, Victim-2 ("V-2") received a call from someone claiming to be from the Social Security Administration who advised V-2 that his/her social security number was being used by an individual that crossed the border into the United States illegally. The subject directed V-2 to purchase Walmart and Target gift cards as a means to protect V-2's social security

number. On the same date, V-2 purchased two \$500 gift cards from the Walmart in Lynchburg, Virginia, and two \$500 gift cards from the Target in Lynchburg, Virginia, and provided the gift card numbers to the caller claiming to be from the Social Security Administration. V-2 contacted a Walmart employee to determine if one of the gift cards was used, after which the employee told V-2 she was the victim of a scam and refunded her a portion of the gift card. On January 31, 2020, V-2 received another call from the same subject requesting more money to which V-2 responded she knew this was a scam. The caller told V-2, "love you," and hung up.

20. A review of records from Walmart indicated V-2 purchased two \$500 gift cards ending in 5235 and 5826 on January 30, 2020, at the Walmart in Lynchburg, Virginia. Analysis of the receipts seized from ZHANG by WCSO indicated both gift cards were redeemed one in the amount of \$100 and the other for \$500 at the Walmart in Haymarket, Virginia, on January 30, 2020, which is located within the Eastern District of Virginia.

VICTIM-3 (V-3)

21. On January 29, 2020, Victim-3 ("V-3"), who is employed as an executive officer of an oil company, received an email from someone using the name of the company's Chief Executive Officer ("CEO") located in Texas. The email directed V-3 to purchase gift cards as a reward for the company's employees. On January 29, 30, 31, V-3 purchased several thousand dollars' worth of gift cards from Walmart, CVS, and Walgreens in Stephenville, Texas, and sent images of the backs of the cards to the subject email account. V-3 eventually realized the email was a scam, because V-3 spoke with the CEO who denied sending the email. Additionally, the email came from an account which was different from the known account belonging to the CEO.

22. A review of records from Walmart indicated V-3 purchased two \$500 gift cards ending in 9055 and 6010 on January 30, 2020 at the Walmart in Stephenville, Texas. Analysis of the receipts seized from ZHANG by WCSO indicated both gift cards were redeemed at the Walmart in Haymarket, Virginia, on January 30, 2020, which is located within the Eastern District of Virginia.

INVESTIGATION BY KING GEORGE SHERIFF'S OFFICE

23. On April 13, 2020, King George Sheriff's Office ("KGSO") responded to a complaint from Victim-5 ("V-5"). V-5 told the responding officer he received a call from an individual who claimed V-5 was owed a refund for the purchase of anti-virus software. The caller instructed V-5 to provide his bank account information to process the refund. The caller claimed to have reimbursed V-5 more money than was owed and directed V-5 to purchase gift cards to return to the caller for the alleged overpayment. On or about April 10, 2020, V-5 went to CVS to purchase \$3500 worth of gift cards (four Target, three Google Play, two Walmart) which V-5 provided to the caller over the telephone. KGSO identified that approximately \$1,000 of V-5's gift cards were redeemed at the Walmart in Fredericksburg, Virginia, on April 10, 2020. A review of video surveillance from Walmart revealed ZHANG conducted these transactions and was observed driving his known vehicle bearing Virginia tag ending in 8922.

24. On July 21, 2020, ZHANG was arrested by Manassas City Police Department ("MCPD") pursuant to an arrest warrant issued by KGSO. After the arrest, ZHANG consented to be interviewed by federal agents after being provided the Miranda warning. ZHANG advised he began purchasing gift cards a few months ago, and that he uses Bitcoin to purchase the cards from a website called "Paxful". ZHANG claimed he worked alone when purchasing gift cards and was not aware of anyone else's involvement in this scheme.

ADDITIONAL INFORMATION PROVIDED BY WALMART

25. On July 15, 2020, Walmart provided Your Affiant information regarding a Sam's Club membership in the name of Jia Wu. This membership had redeemed approximately \$42,000 in gift cards from June 15, 2020, to July 14, 2020, and surveillance video revealed ZHANG used this membership to conduct gift card redemptions at a Sam's Club in Ohio on or about July 14, 2020.

CONCLUSION

26. Based on the information contained herein, I respectfully submit that there is probable cause to believe that from on or about March 12, 2019, to on or about July 14, 2020, in the Eastern District of Virginia and elsewhere, the defendant, YUCHEN ZHANG, also known as Jia Wu, knowingly and intentionally conspired and agreed with Shouming Sun, He Li and others to commit wire fraud, contrary to Title 18, United States Code, Section 1343, by knowingly devising and intending to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, and by concealment of material facts, and to transmit and cause to be transmitted interstate wire communications in furtherance of the conspiracy, in violation of Title 18, United States Code, Section 1349.

Reviewed by: AUSA William Fitzpatrick
SAUSA Viviana Vasiu


Respectfully submitted,



Gregory R. Settducati
Special Agent
Federal Bureau of Investigation

Attested to by the applicant in accordance
with the requirements of Fed. R. Crim. P. 4.1
by telephone on July 29, 2020.

Digitally signed by Michael S.
Nachmanoff
Date: 2020.07.29 11:52:05 -04'00'


Hon. Michael S. Nachmanoff
United States Magistrate Judge

Alexandria, Virginia